SENATE BILL No. 464

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3.5-7; IC 14-23-3-3; IC 15-1.5-8-1.

Synopsis: Property tax matters. Requires the department of local government finance to adjust maximum cumulative fund rates to permit the maintenance of fund levies after the application of inventory exemptions and deductions. Adjusts the timing of adoption of an ordinance to use economic development income tax revenue to provide increased homestead credits to offset inventory deductions and provides that the credits are not required to be uniformly applied. Adjusts assessed value qualification limits for certain deductions and state property tax rates for the state fair and state forestry to account for reassessment.

Effective: July 1, 2003.

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January 21, 2003, read first time and referred to Committee on Finance.





First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in this style type. Also, the word NEW will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in this style type or this style type reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 464

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1	SECTION 1. IC 6-1.1-12-9, AS AMENDED BY P.L.291-2001,
2	SECTION 131, IS AMENDED TO READ AS FOLLOWS
3	[EFFECTIVE JULY 1, 2003]: Sec. 9. (a) An individual may obtain a
4	deduction from the assessed value of the individual's real property, or
5	mobile home or manufactured home which is not assessed as real
6	property, if:
7	(1) the individual is at least sixty-five (65) years of age on or
8	before December 31 of the calendar year preceding the year in
9	which the deduction is claimed;
10	(2) the combined adjusted gross income (as defined in Section 62
11	of the Internal Revenue Code) of:
12	(A) the individual and the individual's spouse; or
13	(B) the individual and all other individuals with whom:
14	(i) the individual shares ownership; or
15	(ii) the individual is purchasing the property under a
16	contract;
17	as joint tenants or tenants in common;



IN 464—LS 7737/DI 52+

1	for the calendar year preceding the year in which the deduction is
2	claimed did not exceed twenty-five thousand dollars (\$25,000);
3	(3) the individual has owned the real property, mobile home, or
4	manufactured home for at least one (1) year before claiming the
5	deduction; or the individual has been buying the real property
6	mobile home, or manufactured home under a contract tha
7	provides that the individual is to pay the property taxes on the rea
8	property, mobile home, or manufactured home for at least one (1)
9	year before claiming the deduction, and the contract or a
10	memorandum of the contract is recorded in the county recorder's
11	office;
12	(4) the individual and any individuals covered by subdivision
13	(2)(B) reside on the real property, mobile home, or manufactured
14	home;
15	(5) the assessed value of the real property, mobile home, or
16	manufactured home does not exceed sixty-nine one hundred
17	forty-four thousand dollars (\$69,000); (\$144,000); and
18	(6) the individual receives no other property tax deduction for the
19	year in which the deduction is claimed, except the deductions
20	provided by sections 1, 37, and 38 of this chapter.
21	(b) Except as provided in subsection (h), in the case of real property
22	an individual's deduction under this section equals the lesser of:
23	(1) one-half $(1/2)$ of the assessed value of the real property; or
24	(2) six thousand dollars (\$6,000).
25	(c) Except as provided in subsection (h) and section 40.5 of this
26	chapter, in the case of a mobile home that is not assessed as rea
27	property or a manufactured home which is not assessed as rea
28	property, an individual's deduction under this section equals the lesse
29	of:
30	(1) one-half $(1/2)$ of the assessed value of the mobile home of
31	manufactured home; or
32	(2) six thousand dollars (\$6,000).
33	(d) An individual may not be denied the deduction provided under
34	this section because the individual is absent from the real property
35	mobile home, or manufactured home while in a nursing home of
36	hospital.
37	(e) For purposes of this section, if real property, a mobile home, or
38	a manufactured home is owned by:
39	(1) tenants by the entirety;
40	(2) joint tenants; or
41	(3) tenants in common;
12	only one (1) deduction may be allowed. However, the age requiremen



1	is satisfied if any one (1) of the tenants is at least sixty-five (65) years
2	of age.
3	(f) A surviving spouse is entitled to the deduction provided by this
4	section if:
5	(1) the surviving spouse is at least sixty (60) years of age on or
6	before December 31 of the calendar year preceding the year in
7	which the deduction is claimed;
8	(2) the surviving spouse's deceased husband or wife was at least
9	sixty-five (65) years of age at the time of a death;
10	(3) the surviving spouse has not remarried; and
11	(4) the surviving spouse satisfies the requirements prescribed in
12	subsection (a)(2) through (a)(6).
13	(g) An individual who has sold real property to another person
14	under a contract that provides that the contract buyer is to pay the
15	property taxes on the real property may not claim the deduction
16	provided under this section against that real property.
17	(h) In the case of tenants covered by subsection (a)(2)(B), if all of
18	the tenants are not at least sixty-five (65) years of age, the deduction
19	allowed under this section shall be reduced by an amount equal to the
20	deduction multiplied by a fraction. The numerator of the fraction is the
21	number of tenants who are not at least sixty-five (65) years of age, and
22	the denominator is the total number of tenants.
23	SECTION 2. IC 6-1.1-12-14, AS AMENDED BY P.L.291-2001,
24	SECTION 136, IS AMENDED TO READ AS FOLLOWS
25	[EFFECTIVE JULY 1, 2003]: Sec. 14. (a) Except as provided in
26	subsection (c) and except as provided in section 40.5 of this chapter, an
27	individual may have the sum of six thousand dollars (\$6,000) deducted
28	from the assessed value of the tangible property that the individual
29	owns (or the real property, mobile home not assessed as real property,
30	or manufactured home not assessed as real property that the individual
31	is buying under a contract that provides that the individual is to pay
32	property taxes on the real property, mobile home, or manufactured
33	home if the contract or a memorandum of the contract is recorded in
34	the county recorder's office) if:
35	(1) the individual served in the military or naval forces of the
36	United States for at least ninety (90) days;
37	(2) the individual received an honorable discharge;
38	(3) the individual either:
39	(A) is totally disabled; or
40	(B) is at least sixty-two (62) years old and has a disability of at
41	least ten percent (10%); and
42	(4) the individual's disability is evidenced by:



1	(A) a pension certificate or an award of compensation issued
2	by the United States Department of Veterans Affairs; or
3	(B) a certificate of eligibility issued to the individual by the
4	Indiana department of veterans' affairs after the Indiana
5	department of veterans' affairs has determined that the
6	individual's disability qualifies the individual to receive a
7	deduction under this section.
8	(b) Except as provided in subsection (c), the surviving spouse of an
9	individual may receive the deduction provided by this section if the
10	individual would qualify for the deduction if the individual were alive.
11	(c) No one is entitled to the deduction provided by this section if the
12	assessed value of the individual's tangible property, as shown by the tax
13	duplicate, exceeds fifty-four one hundred thirteen thousand dollars
14	(\$54,000). (\$113,000).
15	(d) An individual who has sold real property, a mobile home not
16	assessed as real property, or a manufactured home not assessed as real
17	property to another person under a contract that provides that the
18	contract buyer is to pay the property taxes on the real property, mobile
19	home, or manufactured home may not claim the deduction provided
20	under this section against that real property, mobile home, or
21	manufactured home.
22	SECTION 3. IC 6-1.1-12-17.4, AS AMENDED BY P.L.291-2001,
23	SECTION 139, IS AMENDED TO READ AS FOLLOWS
24	[EFFECTIVE JULY 1, 2003]: Sec. 17.4. (a) Except as provided in
25	section 40.5 of this chapter, a World War I veteran who is a resident of
26	Indiana is entitled to have the sum of nine thousand dollars (\$9,000)
27	deducted from the assessed valuation of the real property (including a
28	mobile home that is assessed as real property), mobile home that is not
29	assessed as real property, or manufactured home that is not assessed as
30	real property the veteran owns or is buying under a contract that
31	requires the veteran to pay property taxes on the real property, if the
32	contract or a memorandum of the contract is recorded in the county
33	recorder's office, if:
34	(1) the real property, mobile home, or manufactured home is the
35	veteran's principal residence;
36	(2) the assessed valuation of the real property, mobile home, or
37	manufactured home does not exceed seventy-eight one hundred
38	sixty-three thousand dollars (\$78,000); (\$163,000); and
39	(3) the veteran owns the real property, mobile home, or
40	manufactured home for at least one (1) year before claiming the
41	deduction.

(b) An individual may not be denied the deduction provided by this



1	section because the individual is absent from the individual's principal
2	residence while in a nursing home or hospital.
3	(c) For purposes of this section, if real property, a mobile home, or
4	a manufactured home is owned by a husband and wife as tenants by the
5	entirety, only one (1) deduction may be allowed under this section.
6	However, the deduction provided in this section applies if either spouse
7	satisfies the requirements prescribed in subsection (a).
8	(d) An individual who has sold real property, a mobile home not
9	assessed as real property, or a manufactured home not assessed as real
10	property to another person under a contract that provides that the
11	contract buyer is to pay the property taxes on the real property, mobile
12	home, or manufactured home may not claim the deduction provided
13	under this section with respect to that real property, mobile home, or
14	manufactured home.
15	SECTION 4. IC 6-1.1-18.5-9.9 IS ADDED TO THE INDIANA
16	CODE AS A NEW SECTION TO READ AS FOLLOWS
17	[EFFECTIVE JULY 1, 2003]: Sec. 9.9. (a) The department of local
18	government finance shall adjust the maximum property tax rate
19	levied under the statutes listed in section 9.8(a) of this chapter in
20	each county for property taxes first due and payable in:
21	(1) 2004;
22	(2) the year the county first applies the deduction under
23	IC 6-1.1-12-41 if the county first applies that deduction for
24	property taxes first due and payable in 2005 or 2006; and
25	(3) 2007 if the county does not apply the deduction under
26	IC 6-1.1-12-41 for any year.
27	(b) If the county does not apply the deduction under
28	IC 6-1.1-12-41 for property taxes first due and payable in 2004, the
29	department shall compute the adjustment under subsection (a)(1)
30	to allow a levy for the fund for which the property tax rate is levied
31	that equals the levy that would have applied for the fund if
32	exemptions under IC 6-1.1-10-29(b)(2) did not apply for the 2003
33	assessment date.
34	(c) If the county applies the deduction under IC 6-1.1-12-41 for
35	property taxes first due and payable in 2004, the department shall
36	compute the adjustment under subsection (a)(1) to allow a levy for
37	the fund for which the property tax rate is levied that equals the
38	levy that would have applied for the fund if:
39	(1) exemptions under IC 6-1.1-10-29(b)(2); and
40	(2) deductions under IC 6-1.1-10-29(b)(2); and (2) deductions under IC 6-1.1-12-41;
41	did not apply for the 2003 assessment date.
42	(d) The department shall compute the adjustment under
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1	subsection (a)(2) to allow a levy for the fund for which the property
2	tax rate is levied that equals the levy that would have applied for
3	the fund if deductions under IC 6-1.1-12-41 did not apply for the
4	assessment date of the year that immediately precedes the year for
5	which the adjustment is made.
6	(e) The department shall compute the adjustment under
7	subsection (a)(3) to allow a levy for the fund for which the property
8	tax rate is levied that equals the levy that would have applied for
9	the fund if deductions under IC 6-1.1-12-42 did not apply for the
10	2006 assessment date.
11	SECTION 5. IC 6-3.5-7-25, AS ADDED BY P.L.192-2002(ss),
12	SECTION 127, IS AMENDED TO READ AS FOLLOWS
13	[EFFECTIVE JULY 1, 2003]: Sec. 25. (a) This section applies only to
14	a county that has adopted an ordinance under IC 6-1.1-12-41(f).
15	(b) For purposes of this section, "imposing entity" means the entity
16	that adopted the ordinance under IC 6-1.1-12-41(f).
17	(c) The imposing entity may adopt an ordinance to provide for the
18	use of the certified distribution described in section 16(c) of this
19	chapter for the purpose provided in subsection (e). A county income
20	tax council that adopts an ordinance under this subsection shall use the
21	procedures set forth in IC 6-3.5-6 concerning the adoption of an
22	ordinance for the imposition of the county option income tax. Except
23	as provided in subsection (j), an ordinance must be adopted under this
24	subsection after January 1 but before April 1 of a calendar year. The
25	ordinance may provide for an additional rate under section 5(p) of this
26	chapter. An ordinance adopted under this subsection:
27	(1) first applies to the certified distribution described in section
28	16(c) of this chapter made in the calendar year that immediately
29	succeeds the calendar year in which the ordinance is adopted;
30	(2) must specify the calendar years to which the ordinance
31	applies; and
32	(3) must specify that the certified distribution must be used for the
33	purpose to provide for:
34	(A) uniformly applied increased homestead credits as
35	provided in subsection (e). (f); or
36	(B) allocated increased homestead credits as provided in
37	subsection (h).
38	An ordinance adopted under this subsection may be combined with an
39	ordinance adopted under section 26 of this chapter.
40	(d) If an ordinance is adopted under subsection (c), the percentage
41	of the certified distribution specified in the ordinance for use for the
42	purpose provided in subsection (e) shall be:



1	(1) retained by the county auditor under subsection (g); and
2	(2) used for the purpose provided in subsection (e) instead of the
3	purposes specified in the capital improvement plans adopted
4	under section 15 of this chapter.
5	(e) If an ordinance is adopted under subsection (c), the imposing
6	entity shall use the certified distribution described in section 16(c) of
7	this chapter to increase the percentage of the homestead credit allowed
8	in the county under IC 6-1.1-20.9 for a year to offset the effect on
9	homesteads in the county resulting from a county deduction for
10	inventory under IC 6-1.1-12-41.
11	(f) If the imposing entity specifies the application of uniform
12	increased homestead credits under subsection (c)(3)(A), the county
13	auditor shall, for each calendar year in which an increased homestead
14	credit percentage is authorized under this section, determine:
15	(1) the amount of the certified distribution that is available to
16	provide an increased homestead credit percentage for the year;
17	(2) the amount of uniformly applied homestead credits for the
18	year in the county that equals the amount determined under
19	subdivision (1); and
20	(3) the increased percentage of homestead credit that equates to
21	the amount of homestead credits determined under subdivision
22	(2).
23	(f) (g) The increased percentage of homestead credit determined by
24	the county auditor under subsection (e) (f) applies uniformly in the
25	county in the calendar year for which the increased percentage is
26	determined.
27	(h) If the imposing entity specifies the application of allocated
28	increased homestead credits under subsection (c)(3)(B), the county
29	auditor shall, for each calendar year in which an increased
30	homestead credit is authorized under this section, determine:
31	(1) the amount of the certified distribution that is available to
32	provide an increased homestead credit for the year; and
33	(2) an increased percentage of homestead credit for each
34	taxing district in the county that allocates to the taxing district
35	an amount of increased homestead credits that bears the same
36	proportion to the amount determined under subdivision (1)
37	that the amount of inventory assessed value deducted under
38	IC 6-1.1-12-41 in the taxing district for the immediately
39	preceding year's assessment date bears to the total inventory
40	assessed value deducted under IC 6-1.1-12-41 in the county
41	for the immediately preceding year's assessment date.
42	(g) (i) The county auditor shall retain from the payments of the



1	county's certified distribution an amount equal to the revenue lost, if
2	any, due to the increase of the homestead credit within the county. The
3	money shall be distributed to the civil taxing units and school
4	corporations of the county:
5	(1) as if the money were from property tax collections; and
6	(2) in such a manner that no civil taxing unit or school
7	corporation will suffer a net revenue loss because of the
8	allowance of an increased homestead credit.
9	(j) An entity authorized to adopt:
10	(1) an ordinance under subsection (c); and
11	(2) an ordinance under IC 6-1.1-12-41(f);
12	may consolidate the two (2) ordinances. The limitation under
13	subsection (c) that an ordinance must be adopted after January 1
14	of a calendar year does not apply if a consolidated ordinance is
15	adopted under this subsection.
16	SECTION 6. IC 6-3.5-7-26, AS ADDED BY P.L.192-2002(ss),
17	SECTION 128, IS AMENDED TO READ AS FOLLOWS
18	[EFFECTIVE JULY 1, 2003]: Sec. 26. (a) This section applies only to
19	homestead credits for property taxes first due and payable after
20	calendar year 2006.
21	(b) For purposes of this section, "adopting entity" means the entity
22	that:
23	(1) adopts an ordinance under IC 6-1.1-12-41(f); or
24	(2) any other entity that may impose a county economic
25	development income tax under section 5 of this chapter.
26	(c) An adopting entity may adopt an ordinance to provide for the use
27	of the certified distribution described in section 16(c) of this chapter for
28	the purpose provided in subsection (e). An adopting entity that adopts
29	an ordinance under this subsection shall use the procedures set forth in
30	IC 6-3.5-6 concerning the adoption of an ordinance for the imposition
31	of the county option income tax. An ordinance must be adopted under
32	this subsection after January 1 but before April 1 of a calendar year.
33	The ordinance may provide for an additional rate under section 5(p) of
34	this chapter. An ordinance adopted under this subsection:
35	(1) first applies to the certified distribution described in section
36	16(c) of this chapter made in the later of the calendar year that
37	immediately succeeds the calendar year in which the ordinance is
38	adopted or calendar year 2007; and
39	(2) must specify that the certified distribution must be used for the
40	purpose to provide for:
41	(A) uniformly applied increased homestead credits as
42	provided in subsection (e) (f): or



1	(B) allocated increased homestead credits as provided in
2	subsection (h).
3	An ordinance adopted under this subsection may be combined with an
4	ordinance adopted under section 25 of this chapter.
5	(d) If an ordinance is adopted under subsection (c), the percentage
6	of the certified distribution specified in the ordinance for use for the
7	purpose provided in subsection (e) shall be:
8	(1) retained by the county auditor under subsection (g); and
9	(2) used for the purpose provided in subsection (e) instead of the
10	purposes specified in the capital improvement plans adopted
11	under section 15 of this chapter.
12	(e) If an ordinance is adopted under subsection (c), the adopting
13	entity shall use the certified distribution described in section 16(c) of
14	this chapter to increase the percentage of the homestead credit allowed
15	in the county under IC 6-1.1-20.9 for a year to offset the effect on
16	homesteads in the county resulting from the statewide deduction for
17	inventory under IC 6-1.1-12-42.
18	(f) If the imposing entity specifies the application of uniform
19	increased homestead credits under subsection (c)(2)(A), the county
20	auditor shall, for each calendar year in which an increased homestead
21	credit percentage is authorized under this section, determine:
22	(1) the amount of the certified distribution that is available to
23	provide an increased homestead credit percentage for the year;
24	(2) the amount of uniformly applied homestead credits for the
25	year in the county that equals the amount determined under
26	subdivision (1); and
27	(3) the increased percentage of homestead credit that equates to
28	the amount of homestead credits determined under subdivision
29	(2).
30	(f) (g) The increased percentage of homestead credit determined by
31	the county auditor under subsection (e) (f) applies uniformly in the
32	county in the calendar year for which the increased percentage is
33	determined.
34	(h) If the imposing entity specifies the application of allocated
35	increased homestead credits under subsection $(c)(2)(B)$, the county
36	auditor shall, for each calendar year in which an increased
37	homestead credit is authorized under this section, determine:
38	(1) the amount of the certified distribution that is available to
39	provide an increased homestead credit for the year; and
40	(2) an increased percentage of homestead credit for each
41	taxing district in the county that allocates to the taxing district
42	an amount of increased homestead credits that bears the same



1	proportion to the amount determined under subdivision (1)
2	that the amount of inventory assessed value deducted under
3	IC 6-1.1-12-42 in the taxing district for the immediately
4	preceding year's assessment date bears to the total inventory
5	assessed value deducted under IC 6-1.1-12-42 in the county
6	for the immediately preceding year's assessment date.
7	(g) (i) The county auditor shall retain from the payments of the
8	county's certified distribution an amount equal to the revenue lost, if
9	any, due to the increase of the homestead credit within the county. The
10	money shall be distributed to the civil taxing units and school
11	corporations of the county:
12	(1) as if the money were from property tax collections; and
13	(2) in such a manner that no civil taxing unit or school
14	corporation will suffer a net revenue loss because of the
15	allowance of an increased homestead credit.
16	SECTION 7. IC 14-23-3-3, AS AMENDED BY P.L.1-2002,
17	SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18	JULY 1, 2003]: Sec. 3. Annually there shall be levied and collected as
19	other state taxes are levied and collected the amount of twenty-two
20	sixteen hundredths of one cent (\$0.0022) (\$0.0016) upon each one
21	hundred dollars (\$100) worth of taxable property in Indiana. The
22	money collected resulting from two one hundred sixteen fifty-seven
23	thousandths of one cent (\$0.00216) (\$0.00157) of the rate shall be paid
24	into the fund. The money collected resulting from four three
25	thousandths of one cent (\$0.00004) (\$0.00003) is appropriated to the
26	budget agency for purposes of department of local government finance
27	data base management.
28	SECTION 8. IC 15-1.5-8-1, AS AMENDED BY P.L.198-2001,
29	SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30	JULY 1, 2003]: Sec. 1. A tax is imposed upon all the taxable property
31	in the state at a rate of eleven eight hundredths of a cent (\$0.0011)
32	(\$0.0008) for each one hundred dollars (\$100) of assessed valuation.
33	SECTION 9. [EFFECTIVE JULY 1, 2003] (a) The following, all
34	as amended by this act, apply to property taxes first due and
35	payable after December 31, 2003:
36	(1) IC 6-1.1-12-9.
37	(2) IC 6-1.1-12-14.
38	(3) IC 6-1.1-12-17.4.
39	(4) IC 14-23-3-3.
40	(5) IC 15-1.5-8-1.

(b) This SECTION expires January 1, 2005.

